

Message Text

LIMITED OFFICIAL USE

PAGE 01 STATE 239004
ORIGIN COME-00

INFO OCT-01 EA-10 ISO-00 EB-08 L-03 AGRE-00 CIAE-00
INR-07 LAB-04 NSAE-00 SP-02 STR-05 TRSE-00 FRB-03
OMB-01 /044 R

DRAFTED BY COMMERCE:BASCHER/EB/OT/STA:WTDIROLL:JH
APPROVED BY EB/OT/STA:JSSPIRO

-----048745 050322Z /75

R 042114Z OCT 77
FM SECSTATE WASHDC
TO AMEMBASSY SEOUL
INFO AMEMBASSY TAIPEI

LIMITED OFFICIAL USE STATE 239004

E.O. 11652: N/A

TAGS: ETRD, KR

SUBJECT: NONRUBBER FOOTWEAR ORDERLY MARKETING AGREEMENT --
DISCUSSION WITH KIM CHULSU

1. SUMMARY. KIM CHULSU, MCI, ACCOMPANIED BY KOREAN
EMBASSY COMMERCIAL ATTACHE EUN-TAK LEE, TOOK TIME OUT
FROM THE TEXTILE TALKS ON SEPTEMBER 23 TO HOLD A BRIEF
DISCUSSION WITH COMMERCE OFFICIALS (INCLUDING B. ASCHER)
ON FOOTWEAR OMA MATTERS. KIM EXPRESSED SERIOUS CONCERN
WHEN INFORMED UNITED STATES PIPELINE COUNT SHOWED SUB-
STANTIAL OVERSHIPMENT AND PROPOSED THAT CONSULATIONS
BE HELD TO TRY TO RECONCILE THE DIFFERENCES IN UNITED
STATES AND KOREAN DATA. HE ALSO REITERATED PREVIOUS
REQUESTS FOR EXEMPTION OF BOOT LINERS OF SYNTHETIC
FABRICS AND HAND CROCHETED SLIPPERS.

,
2. PIPELINE. ACCORDING TO UNITED STATES DATA, KOREAN
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 STATE 239004

SHIPMENTS EXCEEDED THE 9 MILLION PAIR PIPELINE
CEILING BY SOME 6.6 MILLION PAIRS. IN ACCORDANCE WITH
THE TERMS OF THE OMA, THE EXCESS HAS BEEN CHARGED
AGAINST THE FIRST RESTRAINT YEAR CEILING. AS A RESULT
KOREA'S FIRST YEAR QUOTA WAS ABOUT 29 PERCENT FILLED
AS OF SEPTEMBER 10. KIM EXPRESSED SURPRISE THAT THE

UNITED STATES PIPELINE TALLY WAS SO HIGH. ALTHOUGH HE DID NOT PROVIDE ANY DATA ON SHIPMENTS DURING THE SECOND QUARTER (WHICH WOULD CONSTITUTE THE BULK OF THE PIPELINE); KIM NOTED THAT KOREAN EXPORT DATA INDICATE SHIPMENTS TOTALING 27.8 MILLION PAIRS DURING THE PERIOD JANUARY 1 - JUNE 27, 1977.

ASCHER RESPONDED THAT PRELIMINARY CROSS CHECKS OF AVAILABLE UNITED STATES CUSTOMS SERVICE AND BUREAU OF CENSUS DATA VERIFY THE ACCURACY OF THE UNITED STATES TALLY AND THAT DIFFERENCES IN THE UNITED STATES AND KOREAN DATA COULD BE ATTRIBUTABLE TO DIFFERENCES IN POINTS OF DEPARTURE IN MAKING COMPUTATIONS (ON THE KOREAN SIDE IT IS THE DATE OF EXPORTATION WHEREAS ON THE UNITED STATES SIDE IT IS THE DATE OF IMPORTATION) AND DIFFERENCES IN PRODUCT CLASSIFICATION. SINCE A COMPARISON OF KOREAN EXPORT DATA WITH UNITED STATES IMPORT DATA BASED ON INDIVIDUAL SHIPMENTS WOULD BE A MASSIVE AND PERHAPS IMPOSSIBLE JOB, ASCHER SUGGESTED THAT MCI SEEK TO DEVELOP EXPORT DATA BY UNITED STATES PORT OF DESTINATION IN ORDER TO NARROW THE TASK OF DATA COMPARISON (COMMENTS: BASED ON KIM'S JANUARY - JUNE TOTAL EXPORT FIGURE OF 27.8 MILLION PAIRS - A MONTHLY AVERAGE OF 4.6 MILLION PAIRS - THE UNITED STATES CUSTOMS SERVICE TALLY OF 15.6 MILLION PAIRS APPEARS REASONABLE. IT IS RECOGNIZED THAT USING UNITED STATES PORT OF LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 STATE 239004

DESTINATION FOR PURPOSES OF COMPARISON HAS SOME DRAWBACKS, I.E., THERE MAY BE SHIPMENTS WHERE THE PORT OF DESTINATION IS ONLY AN INTERMEDIATE POINT IN TRANSIT TO AN INLAND PORT OF ENTRY). IN RESPONSE TO KIM'S INQUIRY, ASCHER STATED THAT DETAILED UNITED STATES IMPORT DATA FOR AUGUST WILL NOT BE AVAILABLE UNTIL MID OCTOBER.

3. FOLLOWING IS UNITED STATES QUOTA COUNT AS OF SEPTEMBER 10 FOR TAIWAN AND KOREA, INCLUDING PIPELINE OVERSHIPMENT QUANTITIES:

TAIWAN	ITEM	923.90	1,540.881
	923.91	15,935,437	
	923.92	1,008,194	
	TOTAL	18,484,512	

KOREA	ITEM	923.93	2,801,394
	923.94	6,792,387	
	TOTAL	9,593,781	

4. FOLLOWING IS FINAL PIPELINE COUNT:

TAIWAN	43,110,755	(33 MILLION LIMIT)
KOREA	15,628,518	(9 MILLION LIMIT)

(NOTE: PIPELINE COVERS UNITED STATES IMPORTS IN JUNE, JULY AND AUGUST OF GOODS EXPORTED FROM KOREA AND TAIWAN PRIOR TO JUNE 28).

5. BOOT LINERS AND SLIPPERS. WITH REGARD TO REQUESTED EXCLUSIONS FOR BOOT LINERS OF SYNTHETIC MATERIALS AND HAND CROCHETED SLIPPERS, ASCHER STATED THAT THESE PRODUCTS ARE WITHIN THE SCOPE OF THE FOOTWEAR OMA AND THAT EXCLUSION OF THE TWO ITEMS -- OR EVEN TRANSFER TO THE TEXTILE PROGRAM -- WAS NO SIMPLE MATTER INASMUCH LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 04 STATE 239004

AS CERTAIN PROCEDURES UNDER THE TRADE ACT MIGHT APPLY. AS IN THE CASE OF THE EXCLUSION OF BEARING STEEL FROM THE SPECIALTY STEEL IMPORT RELIEF PROGRAM, (REGARDED AS A REDUCTION IN THE LEVEL OF IMPORT RELIEF) SUCH A STEP WOULD NECESSITATE THE UNITED STATES GOVERNMENT RESORTING TO DOMESTIC PROCEDURES, I.E., A U.S. INTER-NATIONAL TRADE COMMISSION INVESTIGATION, PUBLIC HEARINGS, AND REPORT OF THE COMMISSION'S FINDINGS TO THE PRESIDENT REGARDING THE PROBABLE ECONOMIC EFFECT OF THE EXCLUSION. ALSO THE ADVICE OF THE SECRETARIES OF COMMERCE AND LABOR WOULD BE REQUIRED. ANOTHER COMPLICATION IS THAT EXCLUSION OF EITHER OF THESE PRODUCTS WOULD REQUIRE CORRESPONDING REDUCTION OF QUANTITIES IN THE BASE LIMITS, AND HISTORIC DATA DO NOT EXIST FOR THESE PRODUCTS AS THEY ARE NOT SEPARATELY REPORTED IN U.S. TRADE STATISTICS. (NOTE: WOOL FELT BOOT LINERS ARE EXEMPT FROM THE FOOTWEAR PROGRAM BUT ARE COVERED IN BILATERAL TEXTILE AGREEMENTS. BOOT LINERS OF SYNTHETIC MATERIALS ARE INCLUDED IN A "BASKET" CATEGORY SUBJECT TO THE FOOTWEAR PROGRAM.)

6. ASCHER ALSO MENTIONED A REPORT THAT KOREAN MANUFACTURERS MAY BE ENGAGING IN TIE-IN SALES, I.E., REQUIRING UNITED STATES BUYERS OF NONRUBBER FOOTWEAR TO BUY EQUAL AMOUNTS OF RUBBER FOOTWEAR. KIM AND LEE STATED THAT THEY HAD NO KNOWLEDGE OF ANY SUCH PRACTICES BY KOREA MANUFACTURERS. CHRISTOPHER

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: FOOTWEAR, AGREEMENTS, TRADE
Control Number: n/a
Copy: SINGLE
Sent Date: 04-Oct-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977STATE239004
Document Source: CORE
Document Unique ID: 00
Drafter: BASCHER/EB/OT/STA:WTDIROLL:JH
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770362-0760
Format: TEL
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19771095/aaaadcsml
Line Count: 163
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: c8fd6e37-c288-dd11-92da-001cc4696bcc
Office: ORIGIN COME
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 28-Feb-2005 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 1038110
Secure: OPEN
Status: NATIVE
Subject: NONRUBBER FOOTWEAR ORDERLY MARKETING AGREEMENT -- DISCUSSION WITH KIM CHULSU
TAGS: ETRD, KS
To: SEOUL
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/c8fd6e37-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009